

THE WHITE HOUSE
WASHINGTON

October 11, 1962

MEMORANDUM FOR THE HEADS OF
DEPARTMENTS AND AGENCIES

SUBJECT: Improving Manpower Controls and Utilization in the Executive Branch

On several occasions I have emphasized the importance of actions to limit the number of Federal employees to the absolute minimum necessary to get the public business done. We can accomplish this objective only if strong efforts are made by every department and agency head to achieve increases in productivity and efficiency, to use better techniques of management, and to add staff only on the basis of demonstrated need to carry out essential activities.

Congress has now enacted legislation, along the lines of the proposal made to the Congress last January, to provide pay scales more nearly to the level of those prevailing in the private economy. I am confident that this will reduce turnover, attract more capable people into the Federal Service, and improve employee morale. It will thus make a direct and substantial contribution to increased productivity. An added obligation is therefore placed on the executive branch to make certain that essential programs are carried out with the minimum of personnel.

It is most important to recognize that responsibility for manpower control and utilization in the Federal Government rests squarely on the top management of each agency. Without your continuing attention and support, it will not be possible to hold new requests for personnel to bedrock levels, to abolish marginal jobs, and to increase employee productivity. Where rules, regulations, or laws restrict you in carrying out this objective, I will expect you to make these facts known promptly and to suggest solutions.

Employment needs are decreased as productivity rises and as ongoing programs can be reduced or terminated. At the same time it is recognized that new programs or expansion of existing programs will

result in increased employment, to the extent that increased manpower needs cannot be offset by greater productivity. It is essential that employment plans be scrutinized at every level to make sure that every opportunity for decreases is seized and increases, where necessary, are held to an absolute minimum. This is vital not only because civilian salaries account for a substantial part of the Federal budget, but equally important -- especially in such fields as engineering, science, and medicine -- because the Federal Government is competing for a scarce supply of manpower. The best utilization of manpower is therefore important not only to keep budget costs down but to maximize our national security and our economic growth.

I have recently completed a review of our present system for determining manpower requirements and for holding the number of Federal employees to a minimum. To strengthen the Government's manpower control program, I have directed that the following actions be taken:

1. Detailed employment plans as well as expenditure plans will be submitted by each Department and Agency in connection with the annual budget review.
2. Such plans will be expected to reflect increases in employee productivity -- that is, it is to be expected that the same amount of work will be performed by increasingly fewer people, and the number of employees will not increase proportionately with increases in programs.
3. The Bureau of the Budget will give increased scrutiny to these employment plans and keep me informed. In addition, the Bureau will strengthen and update present instructions to the departments and agencies concerning the establishment of adequate machinery and methods to increase efficiency and hold down employment.
4. Each Department and Agency will be required to submit to the Bureau of the Budget for review at an early date its over-all program for manpower control and manpower utilization. I expect each department and agency head to give personal attention to this matter.
5. All agencies are requested to undertake increased efforts to search out and apply the most modern and effective means used in either Government or private industry to increase efficiency and output. There are many cases where such productivity has increased rapidly in recent years -- the Internal Revenue Service, the Customs Bureau, the Census

Bureau, the Passport Office, and many other parts of Government can be cited as good illustrations. I should like these efforts broadened and expanded. Central research to assist in this effort will be conducted by the Bureau of the Budget and the Civil Service Commission. As an illustration, the Bureau has undertaken, in cooperation with several agencies, a research and demonstration project in five different units of Government to develop methods for measuring over-all agency productivity and for using such measures for improved manpower control.

6. The Bureau of the Budget, the Civil Service Commission, and the departments and agencies will undertake a systematic program of manpower inspections and reviews. The priority and scheduling of these inspections will be worked out under the leadership of the Bureau of the Budget, and will be carried out by staff of the Bureau, the Commission, and the agency concerned. The special inquiries into manpower utilization practices currently made by the Civil Service Commission will become a part of this new program. The inspections will be made on a selective basis which will give priority attention to areas where the most significant problems and potential savings exist. While every agency cannot be reviewed each year, it may be desirable to review certain agencies annually or more frequently. The inspections will be designed to test the effectiveness of agency systems for manpower analysis and control, and to assist the departments and agencies in discovering opportunities for better use of the manpower resources that are available. The results of these reviews will be reported to the head of each agency promptly, for immediate attention and such action as is necessary. I have asked to be kept informed of the findings and recommendations that are made, and the action taken.

7. The Congress, in enacting the Postal Service and Federal Employee Salary Act of 1962, included a provision that "the departments, agencies, establishments, and corporations in the executive branch shall absorb the cost of the increases in basic compensation provided by this Act to the fullest extent possible without seriously affecting the immediate execution of essential functions." It further provides that "the heads of the executive branch activities concerned are directed to review with meticulous care each vacancy resulting from voluntary resignations, retirement, or death, and to determine whether the duties of the position can be reassigned to other employees or whether the position can be abolished without seriously affecting the execution of essential functions." I am in full agreement with

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this statement of policy and will look to the Director of the Bureau of the Budget to advise me with respect to the observance of this policy in connection with any supplemental appropriations required to carry out that Act.

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I regard the program outlined in this memorandum as of the highest importance to good management in the executive branch. If we carry it out firmly, I am confident that productivity in the Federal Government can continue to keep pace with the growth of productivity in the private sector of the economy. Such an accomplishment would translate into tens of thousands of Federal jobs that either could be eliminated or would not have to be added to the present numbers.

I am sure that these measures and objectives will have your strong personal support.

